

# **CFDF Corporation**

## **Minutes of Meeting**

**Tuesday, November 30, 2004 6:00 PM**

**I. Call to Order: Meeting was called to order at 6:05 pm**

**II. Roll Call: All Board members were present. Also present were Chris Orton, Peter St. Jean, Richard Decker, Tony Ventetuolo.**

**III. Secretary's Report: On a motion by Augie O'Connor seconded by Maurice Brousseau, the Board voted 5-0 to accept the minutes of the October 28 , 2004 meeting..**

**IV. Treasurer's Report: On a motion by Maurice Brousseau, seconded by Augie O'Connor, the Board voted 5-0 to accept the Treasurers Report and Balance Sheet as of October 31, 2004. Mr. Ventetuolo also advised the Board the Federal Government is behind in invoices for the months of September and October, 2004, most likely due to the end of the Federal fiscal year. This has resulted in a cash flow issue with the Trustee and some transportation payments are being held up until these invoices have been received. Cornell staff is calling various districts to try to move payment quickly.**

**V. Executive Session: On a motion by Augie O'Connor, seconded by Casey Andrade the Board voted 5-0 at 6:13 pm to go into Executive Session to discuss security issues, property acquisition issues, and litigation and contract negotiations. The Board came out of Executive Session at 6:50 pm. On a motion by Al Romanowicz seconded by Maurice Brousseau the Board voted to seal the minutes of the Executive Session.**

## **VI. Old Business:**

**a. Expansion Activities:** Mr. Ventetuolo discussed the various issues related to the expansion.

**1. Financing Status:** The Board was presented with proforma assumptions upon which the official statement is based. Also presented was a sizing that showed the various costs related to the project funds and the use of the funds that are being sought. Sizing prepared by Piper Jaffrey totaled \$99,701,926.27.

**2. Mortgage Resolution:** Chris Orton discussed the status of the mortgage as part of the financing. Basically the underwriters are requesting that a mortgage be given on the facility. This is something that the Board was against initially and we tried to avoid, however, in recent years financing projects of this nature have been relying upon the use of a mortgage. While the Board was not happy with this development, everyone agreed after discussion that it was a deal breaker and that we should move forward with the financing. Mr. Orton also discussed with the Board the need to revise the expansion financing resolution that was adopted at the last meeting to increase the amount of money that is being sought. The increase is due to primarily a 4.5% escalating contingency that was placed upon the entire total of the construction by Hanscomb, the Boston based firm that is doing the construction estimating. On a motion by Maurice Brousseau seconded by Al Romanowicz the Board voted 5-0 to adopt the enclosed resolution relative to the expansion financing which supersedes all previously adopted resolutions and to approve the provision of a mortgage as a security interest for the expansion bond

package.

**3. Schedule:** Mr. Ventetuolo discussed the prior meetings with Representatives for Merrill Lynch, Morgan Stanley, Columbia Financing and Openheimer. Another session is scheduled for the 7th and 8th of December with new potential bond buyers. On Monday the 29th of November the finished POS went out to potential investors. At this point we are looking at a tentative closing date of around December 20th – 22nd . A conference call will be held on Thursday, December 2nd to try to flush out the exact closing timeframe.

**4. Construction Estimates:** Mr. Ventetuolo provided the Board members with a detailed estimate of construction costs and uses. This document is being considered confidential so not to interfere with the bidding process to take place in the future in an effort for the Board to get the best price from potential design build contractors.

**5. 25% Design Process:** Mr. Ventetuolo passed out the most current schematics developed by the L. Berger Group relative to the expansion project. Over the last several weeks the architect has been working with Cornell and AVCORR to develop security standards in various portions of the building. On December 2nd a meeting will be held to develop material and equipment specifications for each room in the new expanded facility. There is also a meeting scheduled for December 16th with Berger to continue developing specs for security equipment and other construction work. This process should be completed by the end of December. Further work that will be assigned to Berger relative to developing an RFP to put the 25% design plan out will require further funding. The funding is included

in our financing bonds.

## **VII. New Business:**

**a. 2005 Budget:** Mr. Ventetuolo passed out to the members of the Board the budget that has been developed for FY2005. The process used to develop this budget was to have discussions with Cornell and use year to date actual figures for 2004 as well as to discuss the needs of the facility regarding the expansion, staffing and other program areas. The operator's budget was held to a 3% increase with the exception of those areas that have been funded by Cornell and needed for the expansion planning. For example, the new Deputy Warden for Expansions position, a new maintenance position, two training classes that will be used to get additional officers to support the housing expansion as well as a security program and additional costs related to the temporary increase from 302 to 370 in the facility. Those items which are properly related to the expansion will be funded out of the expansion budget. Ray Meador has included those in the sizing that was presented to the Board. Other expenses as part of the budget were coordinated with PAM to assure that the figures budgeted match the proforma that is being presented to potential bond holders and to the Board. There was discussion of the various items in the budget and the needs of the Corporation in 2005. On a motion by Al Romanowicz seconded by Gene Racquier the Board voted 5-0 to adopt the FY2005 CFDF Operational Budget as presented to include both Cornell operation and maintenance costs, administrative costs, debt services and other projected costs and

revenues based on an ADP of 350.

**b. Amtrak Lease Extension:** Chris Orton spoke about the need to extend the current Amtrak lease by three years to go along with the financing period. Orton has engaged Attorney William Brody to get that extension approved, since Attorney Brody was the original attorney who developed the initial lease in 1992. A letter to Amtrak from Attorney Brody was presented to the Board. On a motion by Augie O'Connor seconded by Casey Andrade the Board voted 5-0 to authorize the extension of the Amtrak lease to the year 2035 for the payment of up to \$21,000.00.

**c. Cornell Agreement:** Chris Orton discussed the need to amend the current Cornell agreement to include language that addresses the subordination of the per diem payment which was agreed upon by Cornell. Essentially the per diem payment will be paid after bond and debt service and other administrative costs. Payment will also be made twice per year. On a motion by Al Romanowicz seconded by Augie O'Connor the Board voted 5-0 to amend the existing Cornell agreement to reflect the change in subordinated status of per diem payments as presented in the attached amendment.

**d. RDW Group:** A revised strategic communications plan was presented to the Board and the plan updates all activities and all strategic communication with various community entities. Mr. Ventetuolo also discussed the email newsletter that RDW Group will be developing for the cost of \$5,000.00 which will essentially provide ongoing communication with the USMS offices, BICE offices, Central Falls officials, State officials and other interested parties on the

**status of the expansion and other critical issues.**

**e. Capex Invoices:** Mr. Ventetuolo discussed the approval of the replacement of seven rooftop heat exchange units totaling \$43,000.00 and the replacement of the Freezer Door for approximately \$3,894.00 by May Food Service Equipment.

**f. Van Donation:** Attorney Orton presented a letter which he had provided to Mr. Ventetuolo authorizing the donation of two surplus vans to the City for their use. A cover letter was sent to the Mayor indicating that the vans will be given to the City within 2-4 weeks as soon as the new vans ordered are obtained by the Wyatt staff.

**g. Ralph Holden Fund:** A letter to the Mayor along with a check for the Ralph Holden Fund which the Board had donated last month was presented to the Board.

**h. News Article:** There was a newspaper article which discussed the expansion.

**VIII Other:** On a motion by Al Romanowicz, seconded by Eugene Racquier the Board voted 5-0 to approve payment for requisition #156 (attached).

**X. Adjournment:** On a motion by Casey Andrade and seconded by Eugene Racquier the Board voted 5-0 to adjourn at 8:05 PM.